

**STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2769**

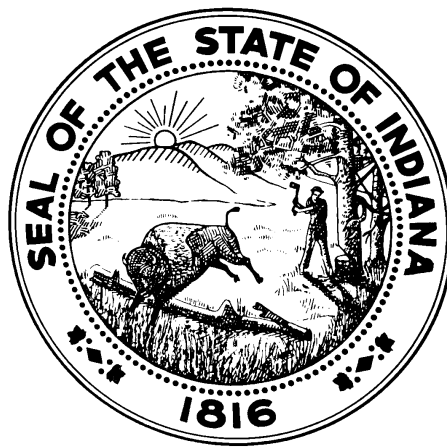
EXAMINATION REPORT

OF

CITY OF WABASH

WABASH COUNTY, INDIANA

January 1, 2007 to December 31, 2007



**FILED**  
06/04/2008



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## OFFICIALS

| <u>Office</u>                             | <u>Official</u>                        | <u>Term</u>                                  |
|---|--|--|
| Clerk-Treasurer                           | Meredith Brown                         | 01-01-04 to 12-31-11                         |
| Mayor                                     | Robert E. Vanlandingham                | 01-01-04 to 12-31-11                         |
| President of the Board of<br>Public Works | Robert E. Vanlandingham                | 01-01-04 to 12-31-11                         |
| President of the<br>Common Council        | Scott A. Long<br>Margaret Salb         | 01-01-07 to 12-31-07<br>01-01-08 to 12-31-08 |
| Superintendent of<br>Wastewater Utility   | Ricky Price (Interim)<br>John Wonderly | 01-01-07 to 02-28-07<br>03-01-07 to 12-31-08 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

**INDEPENDENT ACCOUNTANT'S REPORT**

TO: THE OFFICIALS OF THE CITY OF WABASH, WABASH COUNTY, INDIANA

We have examined the financial information presented herein of the City of Wabash (City), for the period of January 1, 2007 to December 31, 2007. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

May 21, 2008

CITY OF WABASH  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2007

|   | Cash and<br>Investments<br>01-01-07 | Receipts             | Disbursements        | Cash and<br>Investments<br>12-31-07 |
|---|-------------------------------------|----------------------|----------------------|-------------------------------------|
| Governmental Funds:                       |                                     |                      |                      |                                     |
| General                                   | \$ 7,081,109                        | \$ 6,574,999         | \$ 6,371,671         | \$ 7,284,437                        |
| Motor Vehicle Highway                     | 1,143,428                           | 1,419,185            | 1,209,439            | 1,353,174                           |
| Local Road and Street                     | 43,637                              | 52,637               | 58,914               | 37,360                              |
| Law Enforcement Continuing Education      | 14,668                              | 5,043                | 9,632                | 10,079                              |
| Park and Recreation                       | 383,812                             | 629,364              | 589,237              | 423,939                             |
| Park and Recreation Nonreverting          | -                                   | 571                  | 571                  | -                                   |
| Aviation                                  | 185,309                             | 170,943              | 116,679              | 239,573                             |
| Aviation Revolving                        | 38,237                              | 23,605               | 17,247               | 44,595                              |
| Ambulance                                 | 673,722                             | 733,686              | 541,201              | 866,207                             |
| Criminal Justice Grant                    | 24,147                              | 14,024               | 19,659               | 18,512                              |
| Wabash City WASA Grant                    | 1,159                               | -                    | -                    | 1,159                               |
| Rainy Day                                 | 88,462                              | 208,476              | -                    | 296,938                             |
| Redevelopment Commission                  | 18,106                              | 29,125               | 2,756                | 44,475                              |
| Civic Activities                          | 1,707                               | 1,450                | 1,978                | 1,179                               |
| Crime Control                             | 6,932                               | -                    | 5,110                | 1,822                               |
| Storm Water                               | 653,269                             | 350,280              | 304,336              | 699,213                             |
| Levy Excess                               | 65,733                              | 60,458               | 126,191              | -                                   |
| Street Bond                               | 90,574                              | 248,855              | 248,855              | 90,574                              |
| Street Debt Reserve                       | 233,000                             | -                    | -                    | 233,000                             |
| Cumulative Capital Improvement            | 143,543                             | 41,246               | 7,017                | 177,772                             |
| Economic Development Income Tax           | 485,899                             | 300,112              | 223,176              | 562,835                             |
| Park and Recreation Nonreverting Capital  | 51,343                              | 50,000               | 79,585               | 21,758                              |
| Aviation Grant                            | 167,449                             | 163,982              | 301,079              | 30,352                              |
| Brownfield Grant                          | 3,978                               | 36,514               | 36,610               | 3,882                               |
| Streetscape                               | 3,738                               | 429,944              | 762,355              | (328,673)                           |
| IDFA Loan                                 | 101,696                             | -                    | 101,696              | -                                   |
| Proprietary Funds:                        |                                     |                      |                      |                                     |
| Wastewater Utility - Operating            | 455,261                             | 2,720,536            | 2,394,771            | 781,026                             |
| Wastewater Utility - Bond and Interest    | 357,646                             | 704,135              | 688,243              | 373,538                             |
| Wastewater Utility - Debt Service Reserve | 350,000                             | -                    | -                    | 350,000                             |
| Self Insurance                            | 1,000,000                           | -                    | -                    | 1,000,000                           |
| Fiduciary Funds:                          |                                     |                      |                      |                                     |
| Police Pension                            | 1,114,522                           | 569,090              | 486,439              | 1,197,173                           |
| Firefighters' Pension                     | 1,104,582                           | 742,119              | 691,317              | 1,155,384                           |
| Park Donation                             | 2,900                               | -                    | -                    | 2,900                               |
| Operation Donation                        | 12,607                              | 3,173                | 6,157                | 9,623                               |
| Payroll                                   | 45,910                              | 4,117,263            | 4,117,878            | 45,295                              |
| Pension Payroll                           | -                                   | 1,170,313            | 1,170,313            | -                                   |
| City Court                                | 9,179                               | 211,015              | 211,125              | 9,069                               |
| User Fee                                  | 11,571                              | 783                  | 3                    | 12,351                              |
| Court Costs Due County                    | 2,461                               | 6,083                | 6,303                | 2,241                               |
| Totals                                    | <u>\$ 16,171,296</u>                | <u>\$ 21,789,009</u> | <u>\$ 20,907,543</u> | <u>\$ 17,052,762</u>                |

The accompanying notes are an integral part of the financial information.

CITY OF WABASH  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater, and urban redevelopment and housing.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

CITY OF WABASH  
NOTES TO FINANCIAL INFORMATION  
(Continued)

State statute (IC 5-13-9) authorizes the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.



CITY OF WABASH  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2007

| Description of Debt                                      | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|--|--------------------------------|---|
| Governmental Activities:                                 |                                |   |
| Capital leases:  |                                |   |
| Aerial Fire Truck  | \$ 331,500                     | \$ 91,778   |
| Police Cars - 2007                                       | 73,985                         | 39,810  |
| Police Car - 2007  | 11,525                         | 6,365   |
| Notes and loans payable:                                 |                                |   |
| Indiana Development Finance Authority                    | 318,698                        | 49,770  |
| Bonds payable:   |                                |   |
| General obligation bonds:                                |                                |   |
| Acquisition and Construction of Major Capital Facilities | <u>1,730,000</u>               | <u>241,655</u>                                      |
| Total governmental activities debt                       | <u>\$ 2,465,708</u>            | <u>\$ 429,378</u>                                   |
| Business-type Activities:                                |                                |   |
| Wastewater Utility                                       |                                |   |
| Revenue bonds:   |                                |   |
| Sewage Works Refunding                                   | <u>\$ 3,830,000</u>            | <u>\$ 686,179</u>                                   |

CITY OF WABASH  
OTHER REPORT

The report presented herein was prepared in addition to the official report prepared for the individual City office listed below:

City Court

CITY OF WABASH  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The City and Wastewater Utility did not maintain an adequate record of capital assets at December 31, 2007. The unit has contracted with a firm to prepare their capital asset record. The firm has completed a capital asset listing for the unit at March 31, 2007, and is currently working on the December 31, 2007, listing.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONDITION OF WASTEWATER UTILITY ACCOUNTS RECEIVABLE RECORDS

Daily reports of accounts receivable adjustments did not agree with the adjustments reflected in the monthly reports. Penalties were not always applied correctly and some billings were not always charged at the proper rate per the current rate ordinance. Some delinquent accounts, including at least one customer with their own well, were not turned over to the City to be pursued in a timely manner. A similar comment appeared in prior Report B29868.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property. A similar comment appeared in prior Report B29868.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:

CITY OF WABASH  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
  - (B) a description of the premises, as shown by the records of the county auditor; and
  - (C) the amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

PERSONAL EXPENSES

Coffee, water, pop, candy, pudding, crackers, other miscellaneous snack items and Chili Bowl sponsorships for city employees were paid from the City General Fund and charged to the office supply and janitorial supply appropriations. Chili Bowl sponsorships and a Christmas party for the Fire Department were paid from the Ambulance Fund.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COLLECTION OF AVIATION AMOUNTS DUE

Northern Indiana Aviation (NIA) is the contractual fixed base operator for the City of Wabash airport. NIA pays the City a portion of aviation fuel sold at the airport. NIA was delinquent in several payments to the City during 2007 and still owed the City \$5,000 at year end which represents the amounts due for August and a portion of July. The City deducted \$5,000 from the contractual amount paid to NIA in 2008.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF WABASH  
EXIT CONFERENCE

The contents of this report were discussed on May 21, 2008, with Robert E. Vanlandingham, Mayor; and Meredith Brown, Clerk-Treasurer. The officials concurred with our findings.